

Office of Elementary and Secondary Education Webcast

“Key Title I Fiscal Issues: Carryover and Reallocation”

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Susan Wilhelm

Group Leader, Policy Coordination Team, Title I Program Office

Kay Rigling

U.S. Department of Education, Title I Program Attorney

Sandy Brown

Program Analyst and Allocations Specialist, Policy Coordination Group, Title I Program Office

Kim O’Neal

Program Analyst, Monitoring and Audit Group, Title I Program Office

Susan Wilhelm, Moderator, U.S. Department of Education, Title I Program Office:

Our final two topics that we want to talk about are carryover and reallocation, because again, these are issues that we get a lot of questions about.

Kim, could you take a minute and just talk about what the basic requirements are for carryover?

Kim O’NEAL, Program Analyst, Monitoring and Audit Group, Title I Program Office:

Sure. For districts who are receiving an allocation greater than \$50,000 we ensure that they are not carrying over more than 15% from year to year of their allocation. Not unless, of course, they get a state waiver, and they can only get that waiver every three years.

Susan WILHELM:

Okay. Sandy, could you talk a little bit more about the waiver, and how that plays, or doesn't play?

Sandy BROWN, Title I Program Office:

Well, the waiver, usually, is granted because there's been a supplemental appropriation. So, what happens is that a school district comes into additional money towards the end of the school year that they didn't plan for, and they weren't able to carry that over.

The other thing to keep in mind, also, is that if a school district is persistently running up against the 15% carryover limitation, that's kind of an indication that there are some management problems.

A little bit of background on this carryover provision, this came about, I guess with the amendments in 1988, the Hawkins-Stafford Act, and what happened was, that there was an article, in, I guess, it was in the Miami Herald, about a school district that was carrying over almost 75% of their money.

And, of course, Congress was quite upset about this. They felt that it was designed for a particular school year, and that this school district was, in a sense, banking the money, and not using it right away. And, of course, the school district was coming up, running up with problems, running into problems with spending the money, as the availability ended.

So, this is an attempt to try and enforce a little bit better management on the part of the school district, so that, in fact, they use the funds in the year for which it was designed to be used. With a little bit of, but it provides enough of a cushion, a little bit of flexibility to carry over money on an as needed basis.

Kay RIGLING, Title I Program Attorney:

One thing that's important to point out, I think with carryover, is you make the determination as of September 30th of the fiscal year for which the funds were appropriated.

Many states run a fiscal year from July 1st to June 30th. So, the tendency is maybe to calculate carryover as of that point. But, the school districts actually have three additional months to spend it. So, it should be calculated as of September 30th.

Susan WILHELM:

Sandy, you mentioned waivers. Who grants the carryover waivers?

Sandy BROWN:

That is granted by the state. And understand, as Kim indicated, the waiver can be granted once every three years, so that if a school district had a waiver, say, last year, they're not

going to be able to have another waiver of the carryover limitation until, for another three years. So, it's a once in three-year proposition.

Susan WILHELM:

Well, related to carryover, what happens when there are funds at a district level that exceed the 15% carryover, and can't be allocated within the required time period?

Sandy BROWN:

Well, that's a good question because that also leads us into the situation where you can reallocate funds. What happens is, if a school district exceeds the carryover limitation, then the amount that's been exceeded then reverts back to the state to be reallocated to other school districts according to need. That's based on, in section 1126C. That's one source of reallocated funds. Every state should have a policy indicating what the criteria for need is.

Now, the source of these funds for reallocation, is not only excess carryover funds, it could be also money that becomes available because a school district failed to maintain effort. And the amount of money that they were "docked," if you will, from their allocation for a particular school year, could also go into that, if you will, pot of money, that is available for reallocation.

Also, another source of funds for reallocation may be audit findings, where a state has found that a school district has misspent its Title I funds. So, these are all sources of money that can be available for reallocation.

But, again, the reallocation is very flexible. It's based on need, and, of course, the only schools that are eligible for reallocated funds, are schools that are otherwise eligible for Title I. We've had a couple of questions where a school district did not meet the criteria for receiving funds under one or more of the Title I formulas, and a state asked if they could use reallocated funds to provide them with Title I funding, and the answer to that, was no.

Kim O'NEAL:

I think Sandy did a very good job of explaining reallocation. I'm glad he brought up the policy portion, because that's something that we don't see in the states. And that goes back to what we were talking about earlier, about having a policy, and implementing it.

Very important to have a reallocation policy in place. Very important that those policies have a timeline of when the money is going out, and where it is going – targeting those schools in greatest need. So, thanks for that.

Sandy BROWN:

The other thing, to sort of follow up on what Kim was saying, is that in addition to having that policy in place, there's a flexibility. They could change that policy from year to year. The criteria for me could be different in different years. It's just that state has to be up front about what that policy is.

Susan WILHELM:

Well, I think that about wraps up the topics that we wanted to talk about today. Kay, Sandy and Kim, I want to thank you very much. I think we hit some key issues, and we really enforce the connection between these activities, and assuring that services go to kids who need them the most.

To our audience, I hope that you found this information helpful, and if you have any additional questions, please feel free to call your state Title I director for any clarifications that you might need. Thank you.